



M E D I A R E L E A S E

STATE OF TENNESSEE
BUREAU OF TENNCARE

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TENNCARE AMENDS BHO CONTRACTS: 100 PERCENT OF MANAGED CARE NETWORK NOW AT RISK

NASHVILLE, Tenn. – TennCare Bureau Director, Dr. J.D. Hickey announced today that the TennCare Behavioral Health Organizations (BHOs) have accepted new risk-bearing contracts thus moving the Bureau's entire medical and behavioral managed care network into financial risk agreements.

"We are very pleased to have our full network, both medical and behavioral, in risk agreements. We now are positioned to draw down the maximum amount of federal dollars for the behavioral health side just as we already accomplished on the medical health side last fall with our new MCO risk-bearing contracts," said TennCare Director, Dr. J.D. Hickey.

TennCare mental health services are delivered through two BHOs, Premier Behavioral Health Systems of Tennessee in the Middle and West regions and Tennessee Behavioral Health, Inc., a subsidiary of Magellan Health Services, Inc., in the East, Middle and West regions. The new BHO contracts are effective January 1, 2006 and expire in December 2007. The state retains the ability to cancel the contract without cause with 30 days notice.

"As part of the efforts to reform TennCare, the renewal of these contracts will ensure savings and stability for TennCare Partner enrollees," stated Tennessee Department of Mental Health and Developmental Disabilities Commissioner Virginia Trotter Betts. "We look forward to continuing our promising work with Premier and TBH to ensure that all Tennesseans have access to quality mental health services that lead to improved clinical outcomes and recovery from mental illness."

Assuming financial risk means the BHOs are paid an actuarially-based or capitated rate for enrollees' medical services. The agreement also holds the BHO accountable for paying any extra costs regarding the poor management of medical expenses.

Before the current negotiated contracts for Middle and West Tennessee, Premier was not bearing 100 percent risk and TBH was under a fifty-fifty risk-share agreement. Premier will now bear a fifty-fifty risk-share, along with TBH, for cases of extreme medical cost overage. The East Tennessee region has been in a full-risk arrangement since 2004, and that agreement was renewed under this recent negotiation.

"We hope to continue to incrementally push our entire network toward greater risk-bearing arrangements," Hickey said. "Our next big step in moving toward greater risk arrangements within our managed care network will be in the Middle Tennessee region."

TennCare is Tennessee's expanded Medicaid program, providing health insurance coverage to 1.2 million Tennesseans including 640,000 children. For more information about TennCare, visit <http://www.tennessee.gov/tenncare>

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